

Message Text

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ACTION AF-06

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E.O. 11652: N/A

TAGS: EINV ET

SUBJECT: FURTHER DEVELOPMENTS RE COMPENSATION AND EXIM BANK
LOAN GUARANTEES

1. DURING A COURTESY CALL ON ATO TAFARRA DEGUEFE, GOVERNOR OF THE NATIONAL BANK OF ETHIOPIA, MR. ROBERT BARRETT, DEPUTY DIRECTOR OF THE OFFICE OF EAST AFRICAN AFFAIRS, STRESSED THE CONTINUING IMPORTANCE THE US GOVERNMENT ATTACHES TO SATISFACTORY PROGRESS ON THE QUESTION OF COMPENSATION FOR NATIONALIZED US BUSINESS INTERESTS IN ETHIOPIA. HE ACKNOWLEDGED USG SATISFACTION THAT THE EPMG HAD ISSUED A COMPENSATION PROCLAMATION, BUT UNDERLINED THE NEED FOR CONCRETE NEGOTIATIONS BETWEEN THE EPMG AND AFFECTED US BUSINESS INTERESTS WHICH SHOULD GET UNDERWAY AS SOON AS POSSIBLE.

3. ATO TAFARRA INDICATED HIS COMPLETE UNDERSTANDING OF USG CONCERNS ABOUT COMPENSATION AND EXPRESSED HIS DISAPPOINTMENT THAT THUS FAR THE COMMISSIONER AND FOUR ASSOCIATE COMMISSIONERS
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CALLED FOR IIN THE COMPENSATION PROCLAMATION HAD NOT BEEN NAMED. HE STRESSED HIS CONVICTION THAT THE GOVERNMENT IS DEEPLY

CONCERNED ABOUT THIS MATTER AND THAT THE COMMISSIONER AND ASSOCIATE COMMISSIONERS WOULD BE NAMED IN THE VERY NEAR FUTURE. HE NOTED THAT CERTAIN INDIVIDUALS IN THE GOVERNMENT WHO WERE NOT IN AGREEMENT WITH THE EPMG'S DECISION ON HOW TO HANDLE COMPENSATION MIGHT ATTEMPT TO SLOW DOWN THE IMPLEMENTATION OF THE COMPENSATION DECREE BUT, IN HIS VIEW, THEY WILL NOT BE SUCCESSFUL IN THEIR EFFORTS. AS SOON AS THE COMMISSION IS APPOINTED HE EXPECTS THAT THEY WILL IMMEDIATELY CALL FOR THE SUBMISSION OF CLAIMS BY THE NATIONALIZED BUSINESSES. HE ALSO EXPECTS THAT THE GOVERNMENT WILL ISSUE GUIDELINES IN THE NEAR FUTURE ABOUT THE PERCENTAGE OF EQUITY THAT THE GOVERNMENT WILL ACQUIRE IN THE NATIONALIZED BUSINESSES OR THAT THE COMMISSION WILL BE AUTHORIZED TO DO SO ON A CASE-BY-CASE BASIS.

3. MR. BARRETT ALSO RAISED THE QUESTION OF PAYMENT DELINQUENCIES ON COMMERCIAL LOANS GUARANTEED BY THE EXPORT-IMPORT BANK WHICH WERE EXTENDED TO THE AIRCRAFT COMPANY OF ETHIOPIA. HE POINTED OUT THAT THE SUMS INVOLVED WERE QUITE SMALL AND THAT IT WAS IN THE INTEREST OF THE EPMG TO MEET THESE OBLIGATIONS IN ORDER TO PRESERVE ITS REPUTATION AS A RESPONSIBLE BORROWER IN THE INTERNATIONAL FINANCIAL COMMUNITY. ATO TAFARRA AGREED THAT THE EPMG SHOULD RECTIFY THIS SITUATION AND INDICATED THAT HE WOULD TAKE IT UP WITH APPROPRIATE EPMG OFFICIALS IN THE NEAR FUTURE. HE ALSO POINTED OUT THAT A NEW LIGHT AIRCRAFT CORPORATION, WHICH HAS BEEN IN THE PLANNING STAGES FOR SOME MONTHS, WOULD BE ESTABLISHED WITHIN A WEEK OR TWO AND SHOULD BE IN A POSITION TO MEET THE OBLIGATIONS OF THE PRIVATE AIRCRAFT COMPANIES WHICH WERE NATIONALIZED.
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